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# Best Practices of Effective Organizations: **ON ONE PAGE**

BY MARIANNE PHILBIN

**EDITOR'S NOTE:** Marianne updated the chart in this article in 2006 to include a section on evaluation and planning.

**D**onors and volunteers are part of the “means” that help nonprofits reach their programmatic “ends,” and the roles they play increasingly require them to make complex decisions affecting nonprofit growth, stability, and effectiveness. Committed as they may be to their favorite organizations, however, few donors, volunteers, or board members actually have time to research current standards in the sector, interview more seasoned peers, carefully follow nonprofit trends, or read textbooks intended for full-time nonprofit professionals.

The day-to-day existence of nonprofits may indeed be dependent on the passionate involvement of civic leaders and community members, but their passion does not necessarily come with extensive background in nonprofit operations or organizational development — or with unlimited time for their nonprofit work.

Sometimes it seems that the more decisions we need our board and volunteers to make, the less time we have to fill them in on what they really ought to know in order to make those decisions properly.

As one business owner newly appointed to a nonprofit board said to me recently, “Okay, tell me everything I need to know about running an effective nonprofit...but keep it to a page.” He was only half-kidding.

In an attempt to rise to that challenge, here is a chart — on one page, as requested — designed to help nonprofit supporters quickly familiarize themselves with the strategies, structures, and best practices that contribute to the development of healthy organizations.

More could be said, of course, about all that contributes to the development of a healthy and effective organization. Over the course of my work with nonprofits,

however, I’ve noticed that it’s not the details that tend to be lost on program officers, board members, major donors, and nonprofit staff. We all do surprisingly well on the details. More often than not, when an organization hits a bumpy patch, it’s because of a misstep back at square one, a fundamental misreading of what’s necessary and appropriate, a wrongheaded notion — in some cases a downright delusion. (The frustrated executive director of one nonprofit I was working with, for example, told me he wanted to “explore alternative models” for his agency. As I worked with him, I learned that what he was looking for was “an organizational model” that wouldn’t require the agency to fundraise or work with a board of directors.)

The chart on the following page offers a quick sketch of the underlying attitudes and approaches that determine the direction of nonprofit organizational growth, and that can often signal whether an organization is headed towards chaos or stability. With our donors and boards, we tend to discuss what we believe about program, but rarely do we discuss what we believe about the rest of our day-to-day work. On what assumptions and around what ideas are we building (or not building) our fundraising program, our communications program, our management and operations strategies? The business of becoming effective organizations requires an awareness of where we stand on all these issues and an understanding of the practices that can best support our development. **GF**

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MARIANNE PHILBIN IS A CHICAGO-BASED CONSULTANT. THIS CHART ALSO APPEARS IN HER BOOK, *LEVEL BEST: HOW GRASSROOTS ORGANIZATIONS CAN TACKLE EVALUATION* (WRITTEN WITH MARCIA FESTEN), CHARDON PRESS, WILEY PUBLISHING, OCTOBER 2006.

# Strategies, Structures, and Best Practices of Less Effective and More Effective Nonprofit Organizations

LESS EFFECTIVE	MORE EFFECTIVE
<b>MISSION, VISION, PROGRAM</b>	
Prompted by individual charitable impulse	Prompted by thoughtful, collective decision-making
Program shaped most by service <i>providers</i>	Program shaped equally by service <i>recipients</i>
View of work is broad, mission is vague	Mission is clear, strategic, niche-specific
Tends to serve private interests	Focused on serving public interest
Programs don't tie into mission	Clarity of mission seen in programs
<b>TEAM, STRUCTURE, GOVERNANCE</b>	
Board and staff roles unclear, melded	Board and staff roles clear and separate
Board micro-manages all functions, even after start-up phase is over	Board sees chief duties as policy-setting, overall stewardship and financial health
Volunteer development haphazard	Volunteers trained, managed, rewarded
Board believes policies are "implicit"	Board makes policies "explicit," in writing
Decision-making dominated by founders or small group of stakeholders	Decision-making by board as a whole, following established channels and protocols
Board gets involved in hiring all staff	Board only hires Executive Director; Executive Director hires others
Does not keep up with nonprofit standards, or follow widely recommended best practices	Regularly consults and updates policies and practices
Nominations process is eccentric and random	Nominations process follows clearly established procedures
<b>RESOURCE DEVELOPMENT, FINANCIAL MANAGEMENT, OPERATIONS</b>	
Budgeting often begins with what the organization thinks it can or should <i>spend</i>	Budgeting begins with assessment of needs, and with what the organization thinks it can or should <i>raise</i>
Organization allows spending outside budget	Organization uses budget as management tool
Fundraising is scattershot, whimsical, afterthought; often heavy reliance on a few core donors	Fundraising is staffed, annualized, maintained by clear systems and multiple strategies
Organization hesitant to invest in fundraising, infrastructure or communications; fears spending on anything but program	Organization understands it must invest in itself to survive and grow; to publicize and deliver programs properly, and to reach out to new constituents
Sees fundraising only as means to budget goal	Also sees fundraising as public education and communications, a way to reinforce program
Exclusive reliance on government and foundation grants	Individual contributors also part of the mix, as well as earned income, and corporate support
Few board members make financial contributions, think volunteering is enough	100% board giving, no matter what the level
Frequent crisis cash-flow borrowing	Short and long-term financial planning and cash management policies in place
No one reads or understands the audit	Leadership oversees annual budget, understands what audit conveys
Lives within inadequacies of existing space, often tailoring program to the space	Develops facilities plan so that space can ultimately be tailored to program needs
<b>EVALUATION AND PLANNING</b>	
Operates "on instinct" day to day	Operates with board-approved
Progresses by fits and starts, project to project	Develops and regularly consults strategic plan; uses planning as a tool for direction setting
Sees evaluation as a one-time "final report"	Sees evaluation as an ongoing feedback mechanism
Asks only the evaluation questions that a funder wants answered	Determines the questions to answer with input from board, staff, constituents and donors
Describes activities conducted, but never gets to the stage of drawing conclusions	Draws conclusions and makes adjustments in program as a result
Uses only the same people who are directly involved in running operations to evaluate operations	Is as objective as possible, drawing on outside perspectives as well as insider knowledge

Source: *LEVEL BEST: How Grassroots Organizations Can Tackle Evaluation*, by Marianne Philbin and Marcia Festen, Chardon Press. Wiley Publishing, October 2006.